GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1313
ANSWERED ON:02.03.2001
CRISIL
M.V.V.S MURTHI;SHIVAJI MANE

Will the Minister of FINANCE be pleased to state:

(a) whether the country`s leading credit rating agency Credit Rating Information Services ofIndia (CRISIL) recently downgraded the bond ratings of various Maharashtra Government owned entities;

(b) if so, the reasons therefor; and

(c) the steps taken by Union Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): CRISIL has intimated that they have downgradedthe rating assigned to bond programmes of the following Government of Maharashtra owned entities on 5.2.2001:

(i) Maharashtra Krishna Valley Development Corporation

(ii) Konkan Irrigation Development Corporation

(iii) Tapi Irrigation Development Corporation

(iv) Vidarbha Irrigation Development Corporation

(b): CRISIL has further intimated that sincethe bond issuers are unlikely to generate adequate revenues for debt servicing, budgetary support would be needed from the Government of Maharashtra. According to CRISIL, theratings are reflective of the credit quality of Government of Maharashtra.

(c): State Governments are responsible for the financial health of state owned entities. From time to time, the Union Governmenthas emphasized the importance of increasing the productivity of state owned entities.